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MMARS Policy: Payroll

Issue Date: July 1, 2004

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Types of Payments: Employee Reimbursements

Executive Summary

Employee Reimbursements are payments to state employees for certain approved expenses paid out of pocket by the employee. Examples of approved expenses include out of state travel and tuition reimbursement. Please refer to the Expenditure Classification Handbook for further definitions of approved employee reimbursements.

Considerations

This policy applies to all Commonwealth Branches and Departments.

Policy

Direct Deposit Functionality

If an employee currently receives their regular salary payment by direct deposit, their reimbursement payment will also be by direct deposit. If an employee currently receives their regular salary payment by check, their reimbursement payment will be included with the check mailed to their home address.

Effective with FY 05, reimbursement for regular and contractor employees will be paid through HRCMS/LCM. The Expenditure Classification Hand Book has been revised to support the new business process. HRCMS/LCM uses earnings codes and time reporting codes to enable departments to process employee/contractor reimbursements within the HRMCMS weekly elapsed time panel.

Employee/contractor reimbursements will be included on pay advices. New pay advice priorities have been established for reimbursements. Employee reimbursements will be summarized and included with other pay during the funds availability process. Checks will be held if employee/contractor expenses are insufficiently funded for either payroll or reimbursement. Funds availability reports will assist the Payroll Directors and the CTR Payroll Unit to identify the cause for insufficient funding. If it is determined that

paychecks are being held for insufficient employee reimbursement funding, departments can act to have additional funds made available or, in extraordinary circumstances, request the Payroll Unit to release checks.

With the implementation of LCM/NewMMARS, employee reimbursements will follow the payroll cycle, and will process once every pay period.

If employees need reimbursements during the period of time from 7/1/2004-7/16/2004, DYNACASH can be used to pay them. The Office of the Comptroller will work with departments to assure that sufficient balances are available within their DYNACASH accounts to cover employee reimbursements during this transition.

Form W-2

Employee reimbursement payments that are tax reportable will be added to each employee's year to date totals on their Form W-2, eliminating the need for two separate tax documents at the end of the calendar year. The Expenditure Classification Handbook indicates the reimbursements that are tax reportable.

Internal Controls

Information Sources

- Related Procedure – None
- Legal Authority
 - Massachusetts General Laws, Chapter 7A, Sections 3, 7 and 8 – State Accounting
 - Massachusetts General Laws, Chapter 7, Section 27A – Travel Related Services
 - Massachusetts General Laws, Chapter 7, Section 28 – Rules and Regulations of The Human Resources Division
 - Massachusetts General Laws, Chapter 30, Section 25 – Expenses of State Officers
 - Massachusetts General Laws, Chapter 30, Section 25B – Outside Travel Expenses
 - Massachusetts General Laws, Chapter 30, Section 45 – Classification of State Offices and Positions
 - Massachusetts General Laws, Chapter 30, Section 46H – Vacation, Sick, Personal Leave Benefits
- Attachments - None
- Links - None
- [Contacts – CTR Help Desk](#)
- **November 1, 2006** – Removed language referencing Knowledge Center and updated relevant links to Mass.gov/osc portal site.